



## COUNCILMEMBER DONNA FRYE

CITY OF SAN DIEGO – SIXTH COUNCIL DISTRICT

### News Release

For Immediate Release  
May 15, 2007

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## **FRYE RALLIES SUPPORT FOR SOCIAL SERVICE, ADA & COMMUNITY INFRASTRUCTURE FUNDING**

*Repayment of debt will help fund critical services for San Diego's poorest residents*

**San Diego, CA-** Today, City Councilmember Donna Frye held a rally outside of City Hall to encourage the City Council to restore funding for various social service programs and deferred maintenance projects. The Mayor's proposed budget, if adopted, will cut or eliminate funding for critical Social Service Programs and sell \$15 million of city-owned land to fund ADA and deferred maintenance projects.

The Redevelopment Agency, specifically Centre City Development Corporation, owes the City of San Diego over \$100 million in Community Development Block Grant Loans. Much of the debt has been on CCDC's books for over 20 years. Requiring CCDC to pay back a small percentage of the loan - \$3.8 million of the over \$100 million it owes the city - will restore funding for critical Social Service Programs and increase funding for ADA projects and deferred maintenance and infrastructure projects throughout the city.

Of the \$3.8 million, \$568,000 would be allocated for Social Service Programs and \$1.6 million would be used for funding projects for the disabled community to address the backlog of infrastructure improvements. The remaining \$1.5 million would be used to fund a variety of CDBG-eligible projects such as lead safe neighborhoods, code compliance, graffiti removal, libraries, park and recreation center upgrades, traffic improvements and sidewalk and street repair.

Frye said, "It is a responsible and humane solution to require that CCDC pay back a small percentage of the CDBG debt that it owes to our city. I know there are those who disagree and believe we should wait to require *any* of the CCDC debt to be paid back so the city can earn more interest income on the loan. I would remind them that for many of the people who need our help, waiting is not an option. For me, it is a matter of priorities; the public interest vs. capital interest. I believe the needs of the people in our communities must come first."

Bob McElroy, CEO/President of Alpha Project, a local non-profit that provides assistance to San Diego's homeless population, said, "When the city wanted to construct a downtown ballpark, they had no trouble requiring CCDC to pay back over \$40 million in loans, and they didn't even blink. However, when it comes to helping provide services for those most in

need, they can't seem to find even a small percentage of the money they came up with in 2001 to pay for large development projects."

"The purpose of CDBG money is to help improve the quality of life for people in our communities," added Frye. "It is not a slush fund to be used for pet projects in the future. A small investment today will go a long way to help fund programs and projects that are critical to people's lives today. Requiring a small portion of the debt to be paid back is not only the right thing to do, it's the fiscally responsible thing to do."

Frye is the Councilmember for the Sixth Council District of the City of San Diego, which includes the communities of Clairemont, Kearny Mesa, Linda Vista, Mission Bay, Mission Valley and Serra Mesa. She has served on the City Council representing District Six since 2001 and is currently the chair of the Council's Natural Resources and Culture committee.

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**OFFICE OF INDEPENDENT BUDGET ANALYST  
CITY OF SAN DIEGO  
M E M O R A N D U M**

No. 07-8

DATE: May 14, 2007

TO: Honorable Council President and Members of the City Council

FROM: Andrea Tevlin, Independent Budget Analyst

SUBJECT: CDBG Loan Repayment of \$3,781,193 from the Redevelopment Agency  
(Centre City Redevelopment Project Area)

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On Tuesday, May 15, 2007, the City Council and the Redevelopment Agency will hear a request to authorize a CDBG loan repayment from the Redevelopment Agency in the amount of \$3,781,193 from the Centre City Redevelopment Project Area. These monies could be used to fund CDBG-eligible projects; including social service expenses (maximum 15% or \$567,179). As of June 30, 2006, a total of \$109.2 million is outstanding; including \$43.2 million in principal and \$66.0 million in interest. The proposed action would apply this repayment to outstanding principal. The IBA suggests the possibility of repaying interest be explored. It is our understanding that interest is not compounded, thus there appears to be minimal long term impact to apply the repayment to outstanding interest versus principal.

CCDC proposes to defund projects identified for funding in their Fiscal Year 2006-2007 Budget. No specific information has been provided on projects that may be impacted by approval of this action. In order to evaluate this request, the City Council should discuss and understand these specific impacts before making a decision.

Also, in our Report 07-50 which reviewed the Agency's Fiscal Year 2008 Budget, the IBA noted that CCDC is projecting to receive \$96.1 million in tax increment revenue for Fiscal Year 2007, which is \$17 million in excess of the FY07 budgeted revenue of \$79.1 million. An alternative proposal could be to review this and/or other revenue sources to see if an amendment could be made in the current fiscal year to offset any impact of the repayment. Again, any amendment should be fully discussed including possible impacts from proposed changes.

RESOLUTION NUMBER R-295765

ADOPTED ON NOVEMBER 20, 2001

WHEREAS, on November 3, 1998, the electorate of the City of San Diego [City] approved Ordinance No. O-18613 [Ordinance] which authorized and directed the City to enter into a Memorandum of Understanding [MOU] with the San Diego Padres [Padres], the Redevelopment Agency of the City of San Diego [Agency], and the Centre City Development Corporation [CCDC] Concerning a Ballpark District, Construction of a Baseball Park, and a Redevelopment Project within the Centre City East (East Village) Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project; and

WHEREAS, the Ordinance provided that it was the intent of the electorate that the Ordinance and the MOU constitute the legislative acts establishing policy for the City on those matters, and provided for the ways and means for the implementation of that policy by such administrative and non-legislative acts as may be necessary and appropriate to carry out the purpose and intent of the Ordinance; and

WHEREAS, the MOU has been executed by the City, the Agency, CCDC and Padres [collectively "Parties"]; and

WHEREAS, pursuant to section XV of the MOU, the City shall provide not more than \$225 million towards the construction of the Ballpark Project, based upon its financing of choice and from sources of revenue in the City's general fund and other non-general fund sources as it may determine in its sole discretion; and

WHEREAS, pursuant to section XXXIII.A.1 of the MOU, the Parties' performance under the MOU was conditioned upon the City's ability to obtain its financing of choice on terms reasonably acceptable to the City and on a fully tax-exempt basis unless the Parties waive such requirement; and

WHEREAS, over the years the City has advanced funds to the Agency for the purposes of implementing the Centre City Redevelopment Project; and

WHEREAS, because of increased development in the Centre City Redevelopment Project Area, the Agency has sufficient funds to repay a portion of those loans; and

WHEREAS, it is now timely and appropriate to consider such further actions as may be necessary and appropriate to implement the purpose and intent of the Ordinance, MOU and Implementation Agreement, consistent with the City's and Agency's obligations under California law, and the discretion lawfully vested in the City Council acting on behalf of the City; and

WHEREAS, nothing heretofore has occurred, nor is there any action herein, that modifies the \$225 million cap on the City's investment in the Project specified in Section XV of the MOU; or causes or obligates the City to spend any funds in excess of that amount; and

WHEREAS, modifications to the rights and obligations of the Parties as set forth in the MOU may be authorized without a vote of the City's electorate if such modifications do not materially: 1) decrease the rights or increase the obligations of the City; 2) increase the financial commitments of the City; or 3) decrease revenue to the City; and

WHEREAS, to the extent that any action authorized and directed by this resolution, or heretofore approved by this Council, is deemed to modify the rights and obligations of the Parties

as set forth in the MOU, the same were intended as such, and such actions did not, and do not, individually or in the aggregate, materially: 1) decrease the rights or increase the obligations of the City; 2) increase the financial commitments of the City; or 3) decrease revenue to the City; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the foregoing recitals are true and correct, and the City Council so finds and determines as being in the best interests of the City.

BE IT FURTHER RESOLVED, that the City Manager be and he is hereby authorized and directed to accept from the Agency the repayment of loans totaling \$40.2 million.

BE IT FURTHER RESOLVED, that CIP # 39.228.0 be and it is hereby revised as set forth in Attachment A to City Manager's Report No. 01-239, attached hereto as Exhibit 1, and the funds set forth therein are hereby appropriated for the purpose of funding expenses associated with the City's contribution to the Ballpark and Redevelopment Project.

BE IT FURTHER RESOLVED, that the City Manager and City Auditor & Comptroller be and they are hereby authorized and directed, on a temporary basis, to utilize available funds as necessary for the purposes set forth herein until such time as appropriated funds anticipated to come into the treasury for such purposes are on deposit in the treasury and available for those purposes.

BE IT FURTHER RESOLVED, that the City Manager be and he is hereby authorized and directed to take such other and further actions, and negotiate, prepare and execute such documents, as may be necessary or appropriate to implement the intent and purposes of this resolution, the Ordinance, the MOU, the Implementation Agreement, or the Second

Implementation Agreement, consistent with the rights and obligations of the City pursuant to the Ordinance, MOU, Implementation Agreement and Second Implementation Agreement, and their authorizing ordinances and resolutions.

APPROVED: CASEY GWINN, City Attorney

By \_\_\_\_\_  
Leslie J. Girard  
Assistant City Attorney

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